

SECTORAL REPORT DEFENCE

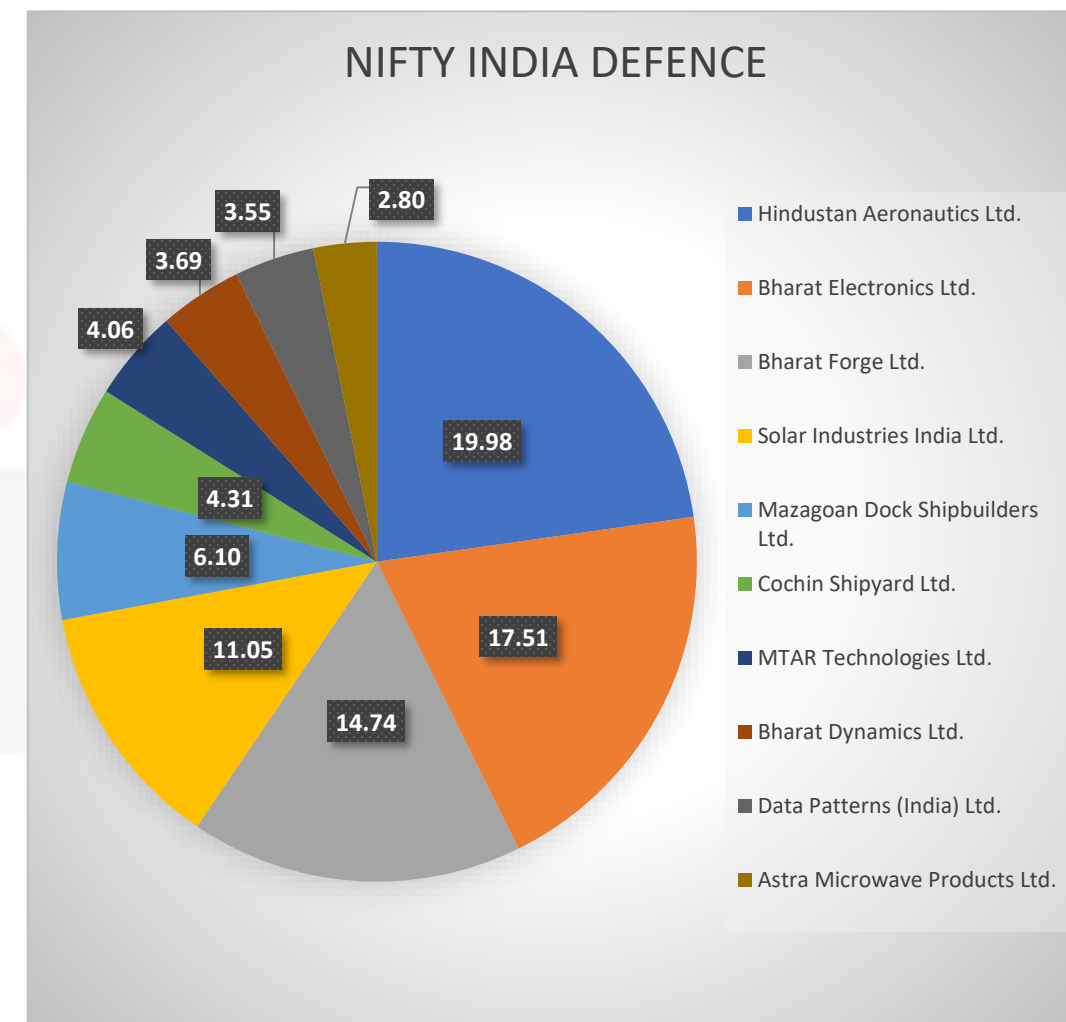


DEFENCE SECTOR.

India is home to one of the strongest military forces in the world and holds a position of significant strategic importance. The Indian defence sector comprises several key market segments, with military fixed-wing aircraft, naval vessels and surface combatants, and missiles and missile defence systems representing the top three. Other prominent segments include military rotorcraft, submarines, artillery, tactical communications, electronic warfare, and military land vehicles. Leading defence manufacturing companies in India include Bharat Earth Movers Ltd. (BEML), Bharat Electronics Ltd. (BEL), and Hindustan Aeronautics Ltd. (HAL).

The defence manufacturing industry plays a vital role in India's economy and is poised for accelerated growth, driven by rising national security concerns. Demand for defence equipment has increased due to ongoing territorial disputes with Pakistan in the Northern State of Kashmir and with China in Arunachal Pradesh. Over the last five years, India has consistently ranked among the world's top importers of defence equipment, seeking technological advantages over regional rivals.

To modernise its armed forces and reduce dependency on imports, the government has implemented several initiatives under the 'Make in India' programme, providing policy support to encourage domestic defence manufacturing. Foreign investment in the sector has also seen steady growth, with cumulative FDI equity inflows reaching Rs. 154 crore (US\$ 21.74 million) between April 2000 and June 2025.



Market Size.

In FY25, the value of defence production in India stood at Rs. 1,50,590 crore (US\$ 17.57 billion), with defence public sector undertakings contributing Rs. 21,821 crore (US\$ 2.55 billion). According to the Global Firepower Index, India ranked fourth globally in terms of overall military strength, with a score of 0.0979 (where 0.0 represents a perfect score).

Looking ahead, the government has set an ambitious target of achieving defence manufacturing worth Rs. 3,00,000 crore (US\$ 34.7 billion) by FY29. Strengthening its technological edge, India plans to deploy a constellation of 52 satellites by CY30 to enhance space-based surveillance for the Army, Navy, and Air Force. This initiative will bolster enemy tracking, border monitoring, and real-time operational coordination.

The innovation ecosystem is also playing a crucial role in defence modernisation. As of February 2025, 549 problem statements had been identified, involving 619 startups and MSMEs, with 430 contracts signed under the iDEX programme. On the exports front, the Department of Defence Production granted 1,762 authorisations in FY25, up 16.92% from 1,507 in FY24, while the number of registered exporters grew 17.4% during the same period.

TECHNICAL OVERVIEW NIFTY DEFENCE – 8,973.45 (WEEKLY CHART)

- The Defence Index witnessed a strong uptrend during the month of April and emerged as one of the few sectors that significantly outperformed the benchmark Nifty.
- On the weekly chart, the index managed to hold its range support and bounced decisively from those levels. It has also closed above the 20 WEMA, which is a positive sign for the bulls. However, the only caution is that the index is currently trading near a key horizontal resistance level.
- **To extend its upward trajectory, a decisive and sustained breakout above 9,170 will be crucial, as it could further strengthen bullish sentiment. On the downside, 8,700 will act as the immediate and key support level; a breach below this may invite increased selling pressure.**



SECTOR REPORT PERFORMANCE

DATE	MONTHLY SECTOR	PERFORMANCE
01/03/25	NIFTY AUTO	DOWN BY 15.59% IN THE MONTH OF MARCH
01/02/25	NIFTY DEFENCE	DOWN BY 0.70% IN THE MONTH OF FEB
01/02/25	NIFTY DEFENCE	DOWN BY 0.70% IN THE MONTH OF FEB
01/01/25	NIFTY BANK	UP BY 0.05% IN THE MONTH OF JAN
01/12/25	NIFTY AUTO	UP BY 1.49% IN THE MONTH OF DEC
03/11/25	NIFTY FINANCE	UP BY 2.77% IN THE MONTH OF NOV
01/10/25	NIFTY PSUBANK	UP BY 8.74% IN THE MONTH OF OCT
01/09/25	NIFTY CONSUMPTION	UP BY 0.03% IN THE MONTH OF SEP
01/08/25	NIFTY FMCG	UP BY 0.59% IN THE MONTH OF AUGUST
01/07/25	NIFTY FINANCE	TRADE NOT INITIATED

Disclaimer

This report has been prepared by ITI Securities Broking Limited (hereinafter referred to as ITISBL) to provide information about the company(ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). ITISBL is a Stock Broker and Depository Participant registered with and regulated by Securities & Exchange Board of India. ITISBL and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group.

This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and ITISBL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that ITISBL and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of ITISBL which may include earnings from investment banking and other business.

ITISBL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, ITISBL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. ITISBL and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of ITISBL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition ITISBL has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt ITISBL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold ITISBL or any of its affiliates or employees responsible for any such misuse and further agrees to hold ITISBL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent ITISBL's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavour to update the information herein on reasonable basis, ITISBL and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent ITISBL and/or its affiliates from doing so. ITISBL or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ITISBL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This report is intended for distribution to investors. Recipients who are not investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents ITISBL and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ITISBL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. Subject Company may have been a client of ITISBL or its associates during twelve months preceding the date of distribution of the research report. ITISBL and/or its affiliates and/or Research analyst / or relative of research analyst or Employees may have interests/positions, financial or otherwise of over 1% at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, ITISBL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. Neither the Research Analysts nor ITISBL have been engaged in market making activity for the companies mentioned in the report. ITISBL and/or its affiliates and/or Research analyst/ relative of research analyst have not any material conflict of interest at the time of publication of this report. There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of ITISBL research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement - Companies where there is interest

Analyst ownership of the stock: No

Served as an officer, director or employee: No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ITISBL & its group companies to registration or licensing requirements within such jurisdictions.

ITI Securities Broking Limited

SEBI – Research Analyst REG. NO. : INH000001535

SEBI REG. NO: NSE&BSE: INZ000005835, CDSL-IN-DP-70-2015, AMFI Reg. No. ARN-12576,

CIN NO: U74120MH1994PLC077946

ITI House, 36, Dr. R. K. Shirodkar Road,

Parel, Mumbai - 400 012,

Boardline - (91) 22 69093600 Fax- 022 69093700

For queries, write to us at iti.research@itiorg.com